



SACHI A. HAMAI  
Interim Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

April 10, 2015

To: Mayor Michael D. Antonovich  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

From: Sachi A. Hamai  
Interim Chief Executive Officer

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### SACRAMENTO UPDATE

#### Executive Summary

This memorandum contains reports on the following:

- **Pursuit of County Positions on Legislation**
  - **Pursuit of County Position to Support SB 321 (Beall).** This measure would authorize the Board of Equalization (BOE) to adjust the motor vehicle fuel tax rate more frequently than annually, if it determines that the amount of revenue being generated will be significantly different than previously projected. Therefore, unless otherwise directed by the Board, consistent with existing policy to support proposals that guarantee an equal amount of gas excise tax revenues from the State as received by the County under Proposition 42 of 2002, **the Sacramento advocates will support SB 321.**
  - **Pursuit of County Position to Support SB 614 (Leno).** This measure would establish the Peer and Family Support Specialist Certification to provide specialized training for peers who provide individualized support services to persons with mental health needs. Therefore, unless otherwise directed by the Board, consistent with existing policy to support proposals to fund training of mental health professionals including certified peer counselors, **the Sacramento advocates will support SB 614.**

*"To Enrich Lives Through Effective And Caring Service"*

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- **Status of County Advocacy Legislation**

- **County-supported AB 159 (Calderon)** - related to the Right to Try Act, passed the Assembly Health Committee on April 7, 2015.
- **County-supported AB 195 (Chau)** - related to unauthorized access to a computer network, passed the Assembly Privacy and Consumer Protection Committee on April 7, 2015.
- **County-supported SB 621 (Hertzberg)** - related to the Mentally Ill Offender Crime Reduction Program, passed the Senate Public Safety Committee on April 7, 2015.

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### **Pursuit of County Position on Legislation**

**SB 321 (Beall)**, which as amended on March 26, 2015, would for FY 2015-16, and each fiscal year thereafter, require the Board of Equalization (BOE) to adjust the motor vehicle fuel tax rate to generate an amount of revenue equal to the amount of revenue loss attributable to the sales and use tax exemption on motor vehicle fuel based on estimates that reflect the combined average of the actual fuel price over the previous four fiscal years and the estimated fuel price for the current fiscal year. The bill would also authorize the BOE to adjust the fuel tax rate more frequently, if it determines that the amount of revenue being generated will be significantly different than previously projected due to changes in either fuel prices or consumption in the State.

Under current law, the State fuel excise tax is comprised of: 1) an excise tax base amount, which has been 18 cents per gallon since 1994; and 2) a price-based excise tax, which is currently 18 cents per gallon. The Fuel Tax Swap enacted by ABx8 of 2010 and SB 70 of 2010, and re-enacted by AB 105 of 2011, eliminated the sales tax on gasoline and replaced it with a price-based excise tax. Currently, the BOE is required to adjust the price-based excise tax rate annually so that the total amount of tax revenue generated is equal to what would have been generated had the sales tax remained in place. Because the excise tax rates are based upon projections of prices and gallons of gas sold, current law provides for a "true-up," or reconciliation, once actual price and volume of fuel sold data becomes available for the relevant fiscal year. According to the BOE, that data is available two years later.

Current law also provides for the deposit of fuel excise tax revenues into the Highway Users Tax Account and appropriates those revenues between the State Highway Account and cities and counties by a statutory formula.

According to the author's office, difficulty in forecasting gas prices results in an over- or under-collection of revenue and requires future adjustments to reconcile this discrepancy. The reconciling adjustment, or "true up," leads to volatility from year to year. This uncertainty in future revenue puts a significant strain on State and local governments when preparing their multiyear transportation budgets. The author's intent in introducing SB 321 is to change to the administrative process for setting the price-based excise tax to give the BOE the tools necessary to reduce the overall volatility of this revenue.

The Department of Public Works (DPW) reports that State gas tax subventions (gas tax revenues) from base and price-based excise tax are the prime source of revenue for the operation, maintenance, and state of good repair for the streets and highways in unincorporated County areas. **The County's gas tax revenues are projected to drop from an estimated \$196 million in FY 2014-15 to \$150 million in FY 2015-16 due to the annual adjustment of the gas tax rate by the BOE.**

In order to address the gas tax shortfall, the Department of Public Works has been working in consultation with the Board offices to review the list of FY 2015-16 Road Fund Construction Program projects that may be impacted by the decrease in gas tax revenues. After determining which projects could be deferred, the Department recommended a list of \$44.0 million in gas-tax funded projects that can be deferred immediately. Implementation of this deferral list is pending approval by each Board office.

**The Department of Public Works also reports that the California State Association of Counties has provided revenue estimates of the potential effect of the legislation to each county. According to the information provided, the County's FY 2015-16 gasoline tax revenues would only drop to about \$165.0 million as opposed to \$150.0 million under the methodology proposed in SB 321.**

The Department of Public Works reports that the proposed modified gas tax rate adjustment methodology proposed in SB 321 would help to reduce volatility of this important revenue stream for maintenance and new construction of unincorporated transportation infrastructure.

This office and the Department of Public Works support SB 321. Therefore, unless otherwise directed by the Board, consistent with existing policy to support proposals that guarantee an equal amount of gas excise tax revenues from the State as received by the County under Proposition 42 of 2002, **the Sacramento advocates will support SB 321.**

SB 321 is supported by the California State Association of Counties; the Urban Counties Caucus; the League of California Cities; and Rural County Representatives of California. There is no registered opposition at this time. This measure is scheduled to be heard by the Senate Governance and Finance Committee on April 15, 2015.

**SB 614 (Leno)**, which as amended on April 6, 2015, would establish the Peer and Family Support Specialist Certification to provide specialized training for peers who provide individualized support services to persons with mental health needs.

A peer support specialist is a person who uses his or her real-life experience, as a client, family member or caretaker of a person living with mental illness and recovery, to provide individualized support, coaching, and education to others. Studies indicate that peer support specialists help reduce hospitalizations, improve client functioning, reduce family concerns, alleviate depression and other symptoms, and enhance client self-advocacy.

The Federal Center for Medicare and Medicaid Services (CMS) recognizes peer support services as an evidence-based mental health model of care and as an important component in a state's delivery of effective behavioral health treatment. In 2007, CMS released guidance to states for establishing peer certification programs. States that meet the guidelines may seek a Federal Medicaid waiver or submit a state plan amendment to receive Federal Financial Participation, at a 50 percent match, for certified peer support services. California has not enacted a peer certification program.

SB 614 would establish the Peer and Family Support Specialist Certification Program, consistent with CMS guidance. As proposed, the program is intended to achieve all of the following:

- Establish ongoing certified peer support services for beneficiaries with mental health care needs;
- Provide increased family support;
- Provide wraparound services in conjunction with other community mental health services;

- Assist parents in developing coping mechanisms and problem-solving skills;
- Provide an individualized focus on the beneficiary, the family, or both, as needed; and
- Promote socialization, recovery, self-sufficiency, self-advocacy, development of natural supports, and maintenance of skills learned in other supportive services.

SB 614 would require the California Department of Health Care Services (CDHCS) to establish a peer certification program in collaboration with the interested stakeholders no later than July 1, 2016. The bill would also allow CDHCS to amend the State's Medicaid Plan and to seek any necessary Federal Medicaid waivers for approval to designate certified peer support specialists as Medi-Cal providers.

The Department of Mental Health (DMH) reports that it uses peer and family members to provide support services for its mental health clients. According to DMH, peer counselors help improve treatment outcomes and facilitate the integration of health, mental health, and substance abuse services. DMH indicates that SB 614 would establish standardized training, practice guidelines and clinical supervision requirements for peer and family support specialists that would meet the standards set by the CMS. This would professionalize the peer support specialists and would enable the State to draw down additional Federal funding for these services.

This office and the Department of Mental Health support SB 614. Therefore, unless otherwise directed by the Board, consistent with existing policy to support proposals to fund training of mental health professionals including certified peer counselors, **the Sacramento advocates will support SB 614.**

SB 614 is sponsored by the County Behavioral Health Directors Association and supported by the: California State Association of Counties; California Association of Mental Health Peer-Run Organizations; California Council of Community Mental Health Agencies; Disability Rights California; National Alliance on Mental Illness California; and the Steinberg Institute. There is no registered opposition on file. SB 614 is scheduled to be heard by the Senate Health Committee on April 15, 2015.

### **Status of County Advocacy Legislation**

**County-supported AB 159 (Calderon)**, which was introduced on January 21, 2015, would establish the Right to Try Act which would make an investigational drug, biological product or device available to patients with terminal illnesses, passed the Assembly Health Committee, with amendments, by a vote of 17 to 0 on April 7, 2015.

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The amendments would strengthen requirements for obtaining written, informed patient consent and recast the definition of a terminal illness to align with Federal regulations. This measure now proceeds to the Assembly Business and Professions Committee.

**County-supported AB 195 (Chau)**, which as amended on April 6, 2015, would make it a crime for a person to solicit another to commit or join in gaining access to a computer network without permission. The bill would also make it a crime to offer to obtain or procure assistance for another to obtain unauthorized access or to assist others in locating hacking services. AB 195 passed the Assembly Privacy and Consumer Protection Committee by a vote of 10 to 0 on April 7, 2015. This measure now proceeds to the Assembly Appropriations Committee.

**County-supported SB 621 (Hertzberg)**, which as introduced on February 27, 2015, would expand the Mentally Ill Offender Crime Reduction Program to allow funding to be used for diversion programs that provide mental health treatment and services, passed the Senate Health Committee by a vote of 7 to 0 on April 7, 2015. This measure now proceeds to the Senate Appropriations Committee.

We will continue to keep you advised.

SAH:JJ:MR  
VE:IGEA:ma

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants